



INTERNAL AUDIT

FINAL REPORT

Title: Housing Benefits

Report Distribution

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EXECUTIVE SUMMARY

Introduction

An audit of Housing Benefits was undertaken as part of the approved internal audit periodic plan for 2007/08.

The Council process around 7,500 claims for benefits per annum. Files and records were manually maintained up until the introduction of the IBS system in November 2005. In the previous financial year, a document management system had been implemented.

A previous audit review of Housing Benefits was undertaken in October 2006 with testing performed on reports and data up to the end of October 2006, this audit came out as limited assurance.

Testing on the current audit, reviewed reports and data from between April 2007 and October 2007. The Council have implemented a new programme providing them with an electronic procedure manual and are looking to implement another to assist in performance reporting on members of staff. The Council are also in the process of moving away from the weekly cheque payment runs towards BACs payments.

Principal Findings

	High	Medium	Low
Number of recommendations	0	2	7

The detailed findings and associated recommendations are provided in the second part of this report. The medium risk recommendations relate to:

- Write-offs of overpayments that cannot be collected are inaccurately recorded and not authorised appropriately;
- Claimants have gone through the applications process, the system has been updated incorrectly and data omitted.

Assurance Statement

Internal Audit can provide **substantial** assurance with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

INTRODUCTION

Objective & Scope

The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

The key risks associated with the system objectives are:

- Staff do not know what they are responsible for, or how they should carry out their duties, leading to non-compliance with legislation, laws or organisational policy and procedures;
- The public are unaware of the benefits available to them;
- Losses due to fraud or error, inefficient processing or inappropriate activity;
- The housing benefit system is not administered appropriately;
- Benefit fraud is not identified or investigated;
- Poor decision making, due to poor quality or timeliness of information provided to management;
- Statutory returns not completed on a timely basis;
- Systems are not updated correctly.

The control areas included within the scope of the review are:

- Policy/procedures;
- HB Forms;
- Collection of Housing Benefit;
- Change in Circumstances;
- Management Reporting.

The following limitations to the scope of the audit were agreed when planning the audit:

- The review will not determine the accuracy of housing benefit claims.
- We will not seek to identify fraud.

This audit report is presented on an exception basis. The detailed findings include only those areas where controls should be enhanced to improve their effectiveness and mitigate the risks that affect the authority's objectives for the system reviewed. Controls and risks identified in the scope that are not mentioned in the detailed findings were considered to be adequate and operating effectively.

Acknowledgement

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks and appreciation to all the individuals concerned.

DETAILED FINDINGS

Observation	Risks	Recommendation	Management's Response
Recommendation 1 - Statement of Interest Level of Risk - Low			
<p>The Council have now included the Anti Fraud Strategy within the Fraud Investigation Business Plan 2007/08.</p> <p>A review of the statement of interest files found that the majority of the elected member's had completed a statement of interest form in May 2007, however it was noted that no declaration of interest forms had been completed in 2007/08 for members of staff and there had been a number of staff changes over the past twelve months.</p>	<p>There is a risk that staff and/or elected members may have had dealings with or worked on the Councils claimants without the Council being aware.</p>	<p>Statements of interests should be completed on an annual basis by all elected members and revenues staff.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Statement of interests will be completed in line with the policy being developed by the legal team.</p> <p>Timescale: 31/12/07</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 2 - Appeals Policy Level of Risk - Low			
It was confirmed by Senior Benefits staff that there is no appeals policy in place.	There is a risk that the appeals procedure would not be completed appropriately following the loss of key staff and deadlines met for producing important documentation.	An appeals policy should be produced and made available to staff. Action: John Vickers – Revenue Services Manager	Management Comment: Recommendation Agreed. Planned Corrective Action: Appeals Policy will be written. Timescale: 31/03/08

Observation	Risks	Recommendation	Management's Response
Recommendation 3 - Irrecoverable Write-offs Level of Risk - Medium			
<p>A spreadsheet of housing benefits debt to be written off is maintained by the Housing Benefit Recovery Officer which is authorised by the Client Officer and Head of Finance quarterly.</p> <p>Twenty write offs were reviewed from the current financial year. The following issues were noted as a result of testing:</p> <ul style="list-style-type: none"> • Two appeals form had not been authorised prior to write off; • Eleven appeal forms did not contain an authorised signature, only the printed name of the member of staff authorising was provided; • Eleven write offs sampled did not have an amount present on the individual appeals form; • Five amounts shown on an appeals form did not agree to the amount written off, of which two could not be agreed. Three were agreed upon review of the IBS system. 	<p>There is a risk that incorrect amounts are being written off and are undertaken without appropriate authorisation.</p>	<p>It is recommended that an authorised signature is obtained prior to debt being written off, not just the name printed and correct amounts written off as stated on the appeals form. If different, appropriate documentation should support the appeals form stating why the amounts written off are different.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Recommendation implemented.</p> <p>Timescale: Immediate</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 4 - Rent Officer Decision Level of Risk - Low			
<p>From a sample of 35 claimants, 20 required a Rent Officers Decision (ROD). The ROD form had been produced for 24 out of the 25, ensuring that the claimants rent has been reviewed for reasonableness.</p> <p>For the outstanding claim, it had been referred for a ROD, but had not yet been received by the Council. The Policy and Development Officer confirmed that an indicative amount is used until the ROD is received. This claim was referred on 16/08/07, it is currently on the weekly Payment on Account Report and has been outstanding for three months.</p>	<p>There is a risk that incorrect benefit has been awarded resulting in a potential loss to the Council.</p>	<p>Outstanding Rent Officer Decisions (ROD's) should be chased/investigated in a timely manner to ensure that correct benefit has been awarded to the claimant.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Checks will be put in place to ensure ROD's are chased.</p> <p>Timescale: 31/12/07</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 5 - Access Levels Level of Risk - Low			
<p>A review of the IBS system access groups and the Council's list of leavers was performed to ensure that only certain members of staff had access rights to specific areas and that any staff that had left were disabled from the system.</p> <p>The only issue noted was that an agency member of staff, who had left the Council a few months ago had not been disabled from the system.</p>	<p>There is a risk that inappropriate staff still have access to review and amend data on the IBS system.</p>	<p>Staff access levels should be reviewed periodically to ensure any staff movements have been appropriately dealt with.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Access levels will be reviewed and signed off on a quarterly basis.</p> <p>Timescale: Immediate</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 6 - Input of Claim Application Level of Risk - Medium			
<p>Thirty five claims were reviewed from the current financial year. All had been appropriately completed and signed by the claimant. The forms were processed by the Council in a timely manner. However, the following issues were highlighted as a result of testing:</p> <ul style="list-style-type: none"> The date of birth for one claimant was incorrectly input at 12/01/78 where the application form stated date of birth to be 29/01/68. Upon review this did not affect the benefit entitlement; The claimant's partner's Disability Living Allowance Mobility Component (DLAMC) of £48.45 pw as per the application form had not been input on IBS, however DLAMC is disregarded income and therefore does not affect total rent benefit calculation. 	<p>There is a risk that omitted data or the inaccurate input of data from the application form could lead to incorrect benefit being awarded, resulting in a potential loss to the Council.</p>	<p>Ensure that all data from the application process is accurately recorded on the IBS system to ensure appropriate benefit amounts are calculated and awarded. Random accuracy checks should also be introduced by management.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Implementation of the IBS quality check module.</p> <p>Timescale: 31/12/07</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 7 - Claim Reductions Level of Risk - Low			
<p>DWP have for the 2007/08 year changed the way they want intervention performance to be reviewed. Before, the Council had to do so many intervention visits in a year and perform actions against them in a timely basis but now their target is to obtain 5490 claim reductions in the year, this can be from one pence upwards.</p> <p>To reach this target the Council are looking at certain areas to review. With this new target in place no intervention testing has been performed on when visits have taken place and whether any action was performed in a timely basis as this is no longer the risk to the Council.</p> <p>On review of the PM10 reduction summary sheet as at the six month mark, it indicated that the Council had achieved 42% of the reductions they require and therefore are slightly behind.</p>	<p>There is a risk that the Council may lose funding if the reduction target is not met.</p>	<p>The Council should ensure that further efforts are put into finding claim reductions to ensure that their target for the year is met.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Drive on specific Benefit types via CIS. Attendance at Notts interventions forum to identify good practice Increase targeted visits</p> <p>Timescale: On going</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 8 - Assessor's Performance Reporting Level of Risk – Low			
It was confirmed by the Revenue Services Manager that a reporting suite to measure the performance of assessors is being re-visited, as it was reviewed a while back to purchase a reporting suite, but this project never went ahead.	There is a risk that areas for improvement regarding the assessor's performance is not identified.	<p>The Council should consider introducing a reporting suite to measure the performance of its assessors.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Development bid for OpenExec.</p> <p>Timescale: 31/12/07</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 9 - Compliance Certificates Level of Risk - Low			
<p>The last annual and six monthly compliance certificate was for the March 2007 year-end. The deadline date for the compliance declaration to be completed and sent off was by 30 April 2007. A review of the completed certificates highlighted that the six monthly and the annual declaration were dated 31/5/07.</p> <p>The Housing Benefit Support Officer stated that the Council no longer have to complete and return the compliance certificate to the DWP. This was confirmed with the Revenues Services Manager. However, no evidence could be provided at the time of the audit.</p>	<p>There is a risk that the Council could be fined and not be paid some of its subsidy that it is claiming from the government if the compliance declarations are not completed in time.</p>	<p>Management should confirm requirements for the completion and submission of compliance certificates.</p> <p>If it is confirmed that these are still required, the Council should ensure that the compliance certificate declaration is completed and sent off before the due deadline.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation agreed.</p> <p>Planned Corrective Action: Submission requirements for compliance certificates will be clarified and actioned accordingly.</p> <p>Timescale: 31/03/08</p>

ANNEX A

Risk & Assurance – Standard DefinitionsAudit Recommendations

Audit recommendations are categorised, depending upon the level of associated risk, as follows:

Level	Category	Definition
1	High	Action is essential to manage exposure to fundamental risks.
2	Medium	Action is necessary to manage exposure to significant risks.
3	Low	Action is desirable and should result in enhanced control or better value for money.

Assurance Statement

Each report will provide an opinion on the level of assurance that is provided with respect the risk emanating from the controls reviewed. The categories of assurance are as follows:

Category	Definition
No	The majority of the significant risks relating to the area reviewed that are not effectively managed.
Limited	There are one or more significant risks relating to the area reviewed that are not effectively managed.
Substantial	The risks relating to the objectives of the areas reviewed are reasonably managed and are not cause for major concern.

What Happens Now?

The final report is distributed to those involved with discharging the recommended action, the Head of Finance, Audit Commission and, where applicable, the relevant Heads of Service.

A synopsis of the audit report is provided to the authority's Audit Sub-Committee. Internal Audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The on-going progress in implementing each recommendation is reported by Internal Audit to each meeting of the Audit Sub-Committee.

Any Questions?

If you have any questions about the audit report on any aspect of the audit process please contact the auditor responsible for the review or Vince Rimmington, Resource Services Manager on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk